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CONTENTS	PAGE
POLITICAL AND SOCIOLOGICAL	
'YOMIURI SHIMBUN' Cites Source on Ohira Plans To Step Down (AFP, 8 Oct 79)	1
Japanese Research Group Warns Against Soviet Military Buildup (KYODO, 30 Oct 79)	2
Japan Disciplines Officials Involved in Financial Scandal (KYODO, 22 Oct 79)	4
• Briefs	
Arms Sales to PRC	6
PRC Legal Experts	6
Increased Defense Buildup	6
MILITARY	
ECM Trainers Ordered From MELCO (AVIATION REPORT-WEEKLY, 17 Oct 79)	8
Eight Firms Vie for E-2C Maintenance Contract (AVIATION REPORT-WEEKLY, 17 Oct 79)	9
FY '79 MSDF Shipbuilding Program To Be Approved in October (AVIATION REPORT-WEEKLY, 17 Oct 79)	10
P-3C MAD, DIFAR To Be Locally Produced (AVIATION REPORT-WEEKLY, 17 Oct 79)	11
JDA To Order Test Laser Radar Systems From Three Firms (AVIATION REPORT-WEEKLY, 17 Oct 79)	12

CONTENTS (Continued)

Page

GSDF CH-X Program To Start in FY '83 (AVIATION REPORT-WEEKLY, 17 Oct 79)	13
Aircraft, Missile R&D Programs for FY '80 (AVIATION REPORT-WEEKLY, 17 Oct 79)	14
Briefs	
P-3C Torpedo Contract	18
New Engine for Mine-Sweeper	18

ECONOMIC

Economy Shows Signs of Improvement (KYODO, 18 Oct 79)	19
Japanese, Australian Businessmen Conclude Economic Talks (KYODO, 25 Oct 79)	20
Official Says Discount Rate Hike Needed (KYODO, 18 Oct 79)	22
Bank of Japan Preparing for Discount Rate Hike (KYODO, 19 Oct 79)	23
Bank of Japan Governor: No Discount Rate Rise Planned (KYODO, 31 Oct 79)	24
Bank of Japan Analyzes Corporate Profitability (KYODO, 17 Oct 79)	25
MITI Reports Industrial Activity Improving (KYODO, 18 Oct 79)	26
Japanese Ministry Plans Public Corporation for Energy (KYODO, 30 Oct 79)	27
UAE Oil Minister Asked To Hold Down Price Increases (KYODO, 16 Oct 79)	28
Japanese Steel Companies Plan Talks in PRC on Future Prospects (KYODO, 1 Nov 79)	29
Japan To Keep Ban on Australian Meat Until All-Clear Given (KYODO, 30 Oct 79)	30

CONTENTS (Continued)

Page

Briefs

Steel Experts Exchanged	31
Technical Aid to PRC	31
Japan-Chile Economic Meeting	31
Gas Purchase From Iraq	31
Crude Steel Production	32
Branch Banks in PRC	32
Crude Oil Imports	32
PRC Honors Oil Agreement	33
PRC Plant Contract Loss	33
Iraqi Fertilizer Plant	33
Saudi Arabian Agreement	34

SCIENCE AND TECHNOLOGY

MITI To Survey Space-Related Japanese Firms (AVIATION REPORT-WEEKLY, 17 Oct 79)	35
Japan's First Nuclear-Powered Ship May Be Repaired (KYODO, 29 Oct 79)	36
Briefs	
Energy Research	37

POLITICAL AND SOCIOLOGICAL

'YOMIURI SHIMBUN' CITES SOURCE ON OHIRA PLANS TO STEP DOWN

Hong Kong AFP in English 2317 GMT 8 Oct 79 OW

[Excerpts] Tokyo, 9 Oct (AFP)--Prime Minister Masayoshi Ohira is considering stepping down in the wake of the unexpected setback of his conservative party in Sunday's general election, the YOMIURI SHIMBUN reported today.

The newspaper reported, quoting an executive member of the mainstream faction of the ruling Liberal Democratic Party (LDP), that the prime minister feels strongly his responsibility for the failure and "he may tender his resignation." The unnamed executive also said last night that he himself was opposed to Premier Ohira's resignation and hoped for keeping the LDP from factional power struggle by appointing non-Ohira men to top party and cabinet posts, YOMIURI said.

The executive was speaking after Premier Ohira summoned his right-hand men and executives of the faction of former prime minister Kakuei Tanaka, his ally, to a meeting after it became final that the LDP managed to win only 248 seats in the 511-seat House of Representatives and needed the help of conservative independents in obtaining a precarious majority in the chamber.

At the meeting of the day before, Mr Ohira was seriously considering resigning, the executive said. Those at the meeting suggested to Mr Ohira that he should not be hasty in drawing a conclusion and should meet other party leaders sometime after Wednesday, a national holiday, it added.

The prime minister told a press conference yesterday that the result of the election was "far severer than expected" and construed a "stern judgment by the nation on our administration." However, there was no indication of his resignation. Meanwhile, former prime minister Takeo Miki, who resigned office for taking responsibility for the LDP's setback in the last election in 1976, indicated to newsmen Mr Ohira should resign. It was important to assume responsibility in politics, he said.

CSO: 4120

POLITICAL AND SOCIOLOGICAL

JAPANESE RESEARCH GROUP WARNS AGAINST SOVIET MILITARY BUILDUP

OW301013 Tokyo KYODO in English 0935 GMT 30 Oct 79 OW

[Text] Tokyo Oct 30 KYODO--An annual report published recently by a private Japanese research group on peace and security warns of a qualitative buildup of Soviet forces in the Far East.

The report says the Soviet military in the Far East has not changed noticeably in number but continued efforts were being made to update its equipment.

The report, titled, "Asian Security-1979," was published by the Research Institute for Peace and security, set up in October 1978 and headed by Masamichi Inoki, former president of the defense academy.

It gives a sketch and analysis of the developments in the Asian-Pacific region transpiring in the one-year period from July 1, 1978, to June 30, 1979.

The reference to the Soviet military buildup on the Soviet-held Japanese northern islands of Kunashiri and Etorofu islands notes the following:

The primary aim of the military buildup in the Kurils is to secure for the Soviet Pacific Fleet a passage to the Pacific from the maritime province and at the same time to strengthen its sea defense in the Okhotsk Sea south of the Kamchatka peninsula.

No numerical increase in the Soviet troops in the Far East is seen but their arms and equipment are being constantly modernized.

The report points out that the operation of the Soviet Pacific Fleet is seriously limited by its geographical disadvantage, poor shipbuilding and ship repair capability and weak air defense.

The report, taking notice of the fact that modernization of China is one of the factors affecting the future of Asia, sees China's modernization of its military as a tough proposition because of the aging military leadership, supernnuation of equipment and popular instability.

The ASZAN (Association of Southeast Asian Nations) have seen in the Chinese invasion of Vietnam China's unmistakable intention of inhibiting Vietnam's military actions in Cambodia, the report said.

The report says it believed the Chinese aggression against Vietnam has enhanced China's prestige as an Asian superpower in the eyes of Southeast Asian nations.

In the chapter on the Korean peninsula, the report says the biggest problem in the withdrawal of ground troops from South Korea is the availability of U.S. reinforcements in the event the north attacks the south and U.S. troops sustain casualties.

The Japanese Government, through joint military exercises conducted by the U.S. troops and South Korean forces, has come to realize that U.S. bases in Japan are indispensable for the U.S. in its defense of South Korea and for U.S. operations in the western Pacific.

CSO: 4120

POLITICAL AND SOCIOLOGICAL

JAPAN DISCIPLINES OFFICIALS INVOLVED IN FINANCIAL SCANDAL

Tokyo KYODO in English 1300 GMT 22 Oct 79 OW

[Text] Tokyo, 22 Oct, KYODO--An end was tentatively put to the much-reported financial window-dressing scandal at the government-run Japan Railway Construction Corporation (Tekkenkoden) Monday when the government announced disciplinary measures against 21 corporation officials including President Hiromoro Kawashima.

According to the announcement by Transport Minister Kinji Moriyama, Kawashima and other five top Tekkenkoden officials were discharged at their own request and 15 executives received 10 percent pay cut from three to 12 months. Another six persons at the transport ministry were severely warned for being entertained by the corporation with its shady funds raised through budget manipulations.

The cabinet is slated to name a new lineup of the top corporation officials Tuesday with Iwao Nisugi, vice president of Seibu Railway Co. to replace Kawashima.

In announcing the punishment, Moriyama described it as "unusually rigorous." He also suggested the government take further steps to redress the financial condition of the corporation including assessing and revising the bonus and retirement allowances of its top officials.

The denouncement of the scandal was also made by the board of audit and the corporation itself with their official investigative reports delivered to the government and the Diet Monday.

In their report, auditors said finances at the Tekkenkoden were found to be in considerable disorder.

According to them, Tekkenkoden raised slush funds amounting to yen 273,710,000 by falsifying accounts with fictitious business trips.

The shady funds totaled yen 395,380,000 including the amounts reported by the corporation itself.

This signifies that at Tekkenkoda 29.6 percent of its business trip expenses had been "spent" on imaginary ones and put into slush funds.

However, the official reports all failed to specify completely the destinations of yen 86 million "sundries" noted on its accounts for the funds.

About yen 63 million were used for mysterious purposes but it is believed that the amounts were diverted to entertain some bureaucrats and politicians to keep their favor of the governmental enterprise.

CSU: 4120

POLITICAL AND SOCIOLOGICAL

BRIEFS

ARMS SALES TO PRC--Tokyo Oct 30 KYODO--Masamichi Inoki, former president of the military academy, said Tuesday that he thinks Japan should be permitted to export military equipment to China to strengthen its army, but not to expand its navy and air force. He made the statement at a seminar at the Foreign Correspondents Club of Japan here, adding, "Basically, Japan should not export weapons to a dispute area." Inoki, president of the Research Institute for Peace and Security, said Japan should not help the Chinese Navy and Air Force because of "Japan's national security." He criticized Japan's present arms export policy as "hypocritical," saying, "Helping Chinese economic and science and technology modernization amounts to helping its military modernization." He also said, "We should have international division of labor in military equipment among the United States and NATO (North Atlantic Treaty Organization)," for efficiency. For example, Japan should produce precision guided munition (PGM) missiles to cope with a military invasion, instead of producing tanks and should import tanks from NATO nations and the U.S., he added. [Text] [OW301231 Tokyo KYODO in English 1136 GMT 30 Oct 79 OW]

PRC LEGAL EXPERTS--Saga Oct 21 KYODO--Chinese legal experts may be invited to Japan shortly to study Japanese legal and judicial systems. The invitation, still at the planning stage, is aimed at offering assistance to Beijing in working out and handling legislation of joint ventures between China and Japan or other countries. The Justice Ministry is checking on the probability with the courts and the Japan Federation of Bar Associations, said Heihachiro Ejiri, president of the federation. Ejiri was here to attend a ceremony Saturday marking the 30th anniversary of the federation and a general meeting of the Kyushu Federation of Bar Associations. Under the plan, 10 Chinese experts will be invited to visit Japan for three months in fiscal 1980, beginning next April, and 20 to 25 persons for six months to a year in the following years, Ejiri said. [Text] [OW210432 Tokyo KYODO in English 0412 GMT 21 Oct 79 OW]

INCREASED DEFENSE BUILDUP--Tokyo Oct 28 KYODO--Prime Minister Masayoshi Ohira Sunday called for stepped-up Japanese defense buildup in the 1980s under the Japan-U.S. security treaty to cope with the changing international situation. Ohira made the remark, without mentioning the killing of South

Korean President Pak Chong-hui Friday, after reviewing a parade of some 5,200 ground, maritime and air self-defense force personnel at Camp Asaka, Saitama Prefecture. Some 80 planes and 300 military vehicles took part in the event. Ohira, as supreme commander of the self-defense forces, also urged defense officials to seek more public support of SDF activities. Ohira, in reviewing the parade, was accompanied by Defense Agency director General Ganri Yamashita and Gen. Goro Takeda, chairman of the Joint Staff Council. [Text] [OW280543 Tokyo KYODO in English 0537 GMT 28 Oct 79 OW]

CSO: 4120

MILITARY

ECM TRAINERS ORDERED FROM MELCO

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 p 4

[Text] MELCO last month was awarded two contracts on ECM (electronic countermeasure) trainers from JDA. The ECM trainers are those developed by the TR&DI for the ASDF and delivery will be made by the end of March 1980. One contract is for research on the XJ/ALQ-8 system totaling ¥49.188 million and the other for component fabrication for the XJ/ALQ-5 system at ¥912.585 million.

The contracts reflect basic policies of the ASDF to locally develop different types of ECM systems for mock electronic warfare as required.

The XJ/ALQ-8 is said to be an advanced version of the ALQ-6 system which was recently introduced on ASDF front-line aircraft such as the F-4EJ and the F-1 fighters. Fabrication of the prototype is planned for FY '80.

The XJ/ALQ-5 is scheduled for system integration and testing in FY '80 at a cost of ¥1,600 million.

CSO: 4120

MILITARY

EIGHT FIRMS VIE FOR E-2C MAINTENANCE CONTRACT

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 p 4

[Text] To provide maintenance and repair to the ASDF Grumman E-2C early warning aircraft, eight firms have submitted proposals to the ASDF for contracts. They are such airframe manufacturers as MHI and KHI, and electronics firms including MELCO, Hitachi, and Toshiba.

The ASDF, however, is reluctant to select its policy for a system integrator between an airframe firm and an electronics company. It is expected that the ASDF will finalize its policy toward the end of this year or by the end of March 1980 at the latest.

Maintenance on the Allison T56 engine of the E-2C will be contracted to IHI since the company is producing similar engines for the ASDF P-3C's. Choice of a single system integrator, on the other hand, involves complications since the work required covers both airframe and electronic systems. Airframe manufacturers are eager to reap the benefits of the Hawkeye maintenance for designing of future early warning aircraft while electronics firms are confident they are fully qualified for the work on the "flying radar station."

According to sources, the ASDF is leaning toward airframe manufacturers and the final choice will be made between MHI and KHI for selection of a single system integrator. Maintenance on individual electronics equipment, sources observe, will be subcontracted to electronics companies such as MELCO, Fujitsu, Hitachi, Toshiba, Tokyo Keiki, and Toyo Communication Equipment.

Selection of firms for maintenance of the ASDF E-2C is a prerequisite to procurement of Hawkeye support equipment and material scheduled for 1980 at about ¥22,000 million.

An ASDF survey mission visited the US this summer on support structure for the E-2C and a US Navy mission is scheduled to visit Japan soon for talks with the ASDF on the Hawkeye support setup.

CSO: 4120

MILITARY

FY '79 MSDF SHIPBUILDING PROGRAM TO BE APPROVED IN OCTOBER

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 pp 5-6

[Text] The State Minister for Defense will approve the FY 1979 shipbuilding program of the Maritime Self-Defense Force (MSDF) regarding the DE, AGS, LSU and AGB as the Defense Agency's TR&DI has finished basic designs for the ships.

After approval, the agency's Central Procurement Office will start work for procuring the ships based on MSDF's requests. Signing of the shipbuilding contracts is expected to be delayed until next March because of the government's tendency to a tighter money policy.

The planned 1,400 ton DE ship will be equipped with the Olympus TM3B gas-turbine and 6DRV diesel engine with a capacity of about 23,000 HP. It will be armed with 76mm guns, antisubmarine rockets (ASROC) and Harpoon missiles. Compared with a 1,200-ton vessel ordered in FY 1977, more considerations will be given to crew comfort.

The 1,100-ton AGS ship will have a 3,000-horsepower engine and carry maritime observation instruments. The 500-ton LSU ship is designed as a transport vessel to be equipped with a 3,000-horsepower diesel engine.

The 11,000-ton AGB ice-breaker, to be financed by the Education Ministry, will have a 30,000-horsepower diesel engine and carry 1,000 tons of cargo, about 60 passengers (for antarctic observation) and three helicopters. The 132-meter-long vessel will have a cruising range of 25,000 nautical miles at a speed of 15 knots. It will also be able to break 1.5-meter-thick ice at a speed of three knots.

Government agencies involved in the shipbuilding program have already been briefed on the basic design.

CSO: 4120

MILITARY

P-3C MAD, DIFAR TO BE LOCALLY PRODUCED

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 pp 4-5

[Text] The ASDF is promoting plans to issue its second procurement order on the Lockheed P-3C antisubmarine aircraft for 10 aircraft in FY '80, for which local production of the AN/ASQ-81(V) MAD (magnetic anomaly detection) and the AN/AQA-7(V) DIFAR (directional frequency analysis and recording) systems was recently authorized by US defense authorities.

Japanese industry thus is able to produce ASDF P-3C's almost 100 percent locally except for the first eight aircraft ordered in FY '78 for which both MAD and DIFAR systems are to be supplied through FMS (foreign military sales) contracts.

MELCO will be designated prime manufacturer of the P-3C MAD system since the company is producing the Texas Instruments AN/ASQ-81 MAD system for installation on the MSDF HSS-2B antisubmarine helicopter. For local production of the DIFAR, it is probable that separate manufacturers will be selected for the airborne system and the AN/SSQ-53(A) sonobuoy equipment.

CSO: 4120

MILITARY

JDA TO ORDER TEST LASER RADAR SYSTEMS FROM THREE FIRMS

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 pp 4-5

[Text] The Japanese Defense Agency (JDA) has decided to order experimental laser radar systems from Mitsubishi Electric Corp. (MELCO), Nippon Electric Co. (NEC) and Fujitsu Ltd. It will start final negotiations with the three companies after receiving their estimates and they are expected to be concluded by the end of the year.

JDA places great expectations on the first Japanese laser radar system because the laser beam is said to have a major role in the precision guided missile (PGM), which would drastically change future wars. It plans to receive the experimental systems at the end of March 1980 and carry out technical experiments in FY 1981. The results of the experiments will decide if the laser radar system will be placed in service.

The agency has been developing smart bombs and shells for antitank missions, utilizing lasers. If the new weapons are used, infantry troops would not have to carry heavy firearms and ammunition.

A laser, whose wave-length is a hundred times shorter than that of a radio wave, has already been developed. This is expected to further increase sighting accuracy and identification performance of a light wave radar.

The new laser radar as an electronic sensor would become indispensable to the PGM. It would also be used for spotting such flying objects as air-to-ship missiles (ASM) flying just over the sea surface.

In order to develop such a sophisticated system, JDA intends to build Japan's first experimental laser radar system by fully utilizing techniques of the three companies.

CSO: 4120

MILITARY

GSDF CH-X PROGRAM TO START IN FY '83

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 p 5

[Text] Although priorities are being given to the Bell AH-1S antitank helicopter program, it has been learned that the GSDF will be authorized to procure two CH-X's, a replacement for the V-107, in FY '83 as planned.

The CH-X program has been pending but no further delays will be allowed, sources point out, in order to cover phase-out of the V-107 and demand for strengthening capabilities of the GSDF heliborne brigade to match requirements of modern warfare.

Following procurement of two CH-X aircraft in FY '83 for "educational" purposes, the GSDF is expected to start procurement of the CH-X in subsequent years for service introduction to cover withdrawal of the V-107's. The CH-X program is expected to be drafted during FY's '81-'82.

The Boeing Vertol Ch-47C/D Chinook is said to be among candidates for the CH-X.

CSO: 4120

MILITARY

AIRCRAFT, MISSILE R&D PROGRAMS FOR FY '80

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 pp 6-9

[Text] The TR&DI, JDA, plans to promote 10 programs related to aircraft and aero engines totaling ¥7,674 million in FY '80, compared to ¥4,632 million authorized for FY '79. For research and development of missiles, the TR&DI is requesting ¥3,256 million in FY '80, compared to ¥1,782 million approved for FY '79.

*Small turbofan engine

Following the XF3 engine program, the Phase One program for the small turbofan engine calls for production of six units at ¥5,752 million. An additional units will be ordered in FY '81 under the Phase Two.

The six units of the FY '80 funding will be used for six different types of tests covering foreign objects ingestion, over-rotation and over-heating, inlet air distortion, high-altitude performance, flight characteristics, and endurance. The four units scheduled for funding in FY '81 will be used for further test programs. Following the 10 units, three to six units for model qualification test (MQT) will be built during FY's '83 and '84 for completion of test programs by FY '85.

Although the small fanjet engine program is not officially defined, it is in fact associated with the ASDF project for the MT-X twinjet trainer. The ASDF intends to draft the MT-X development program during the current fiscal year so that it will start in FY '81. Designing of the airframe will be promoted during FY's '81 through '83 and prototypes will be built in FY's '83-'85. From FY '86, the MT-X procurement program is scheduled to start and cover a total of about 180 aircraft.

*C-1 flying test bed

Following basic designing work by KHI in FY '79 at a cost of ¥145 million, modification of an ASDF C-1 transport to a flying test bed will be promoted in FY '80 with ¥849 million. Wing structures will be strengthened for installation of pylons for external stores and a fuel tank will be incorporated with the central wing section. Various measuring equipment will be

installed in the FTB for a wide range of in-flight tests and evaluation of engines, missiles, bombs, and electronics systems. The underwing pylon can normally carry loads of one-ton with a maximum load of up to two tons. The C-1 FTB is scheduled for flight tests in FY '82.

***LAPES for the C-1**

For prototype fabrication of the LAPES for the ASDF C-1 twinjet transport, ¥67 million is on request. The system is scheduled for structural and in-flight tests during FY '81 and for operational tests in the following year. The C-1 LAPES will unload four tons in a single pass at five to ten feet altitude. The LAPES program includes modification of the C-1 airframe to incorporate the system.

***AFCS for the F-1**

Fabrication of the auto pilot system for the AFCS of the ASDF F-1 support fighter is underway with ¥618 million for FY '79. During FY '80, modification of the F-1 airframe to incorporate the AFCS will be promoted at a cost of ¥627 million. It is projected the F-1 support fighter with the AFCS will be test flown in the latter half of FY '81. MHI is the prime contractor of the program with Japan Aviation Electronics Industry responsible for the AFCS.

***Wind tunnel model for aerodynamic studies**

Fabrication of a wind tunnel model at a cost of ¥88 million is intended for studies on aerodynamic configurations of hypersonic aircraft.

***New flight control system**

Phase One of the program calls for appropriations of ¥78 million in FY '80. While the conventional flight control system is a hydraulically-driven mechanical system using actuators to operate flaps and ailerons, the new system will feature an integrated actuator with its own hydraulic power source and a computer control unit.

***High-performance rotor system**

With a requested ¥55 million, studies will be promoted for materials and configurations of high-performance helicopter rotor systems.

***Target drone**

Basic studies totaling ¥50 million will be promoted for development of low-cost target drones for air-to-air missile firing practices by ASDF fighters. Pending completion of studies, it is expected that an expendable drone with a solid-fuel rocket motor will be developed.

*Studies on advanced engines

With ¥43 million, studies will be promoted on a digital fuel control system, and an automatic engine monitoring system. For studies on damage-proof structure, another ¥54 million is on request.

The missile programs include a new program for the Tan-SAM short-range surface-to-air missile for the GSDF, six other programs being continuation from the current fiscal year.

*Tan-SAM 2

With ¥51 million, basic studies on the Tan-SAM 2 surface-to-air short-range missile will be promoted in FY '80 to meet GSDF requirements. Detailed specifications are under wraps but the Tan-SAM 2 will be required to possess performance superior to the Tan-SAM 1 which is currently undergoing final pre-service tests. It is expected to have all-weather operational capabilities, be able to track multiple targets of different types, high ECCM (electronic counter countermeasure) capability and improved sensor system to detect low-energy heat sources.

*SSM-2

Based on the ASM-1 air-to-ship missile for use with the ASDF F-1 support fighter, the SSM-2 is intended for use by the GSDF to attack hostile ships in coastal waters from inland sites. ¥877 million was approved for FY '79 for system designing and fabrication of a small jet engine and a position control system. For FY '80, ¥921 million is requested to develop a booster rocket motor and a digital homing device. Fabrication of the missile and ground systems is scheduled for FY '81 and beyond.

Other programs cover the Chu-MAT medium-range antitank missile for the GSDF, the double canard dog-fight air-to-air missile for the ASDF, and studies on the HTPB propellant, a gas-servo system, and a precision guidance simulator.

The ASM-1 is scheduled to enter production in FY '80 for the ASDF while the Tan-SAM 1 is expected to be adopted in the standard GSDF weapons inventory in FY '81. The Ju-MAT was recently adopted by the GSDF as the Model 79 SSM, indicating increased deployment of advanced guided weapons in the Self-Defense Forces.

GSDF AW-X Development Program

As a part of its reequipment programs the GSDF plans to start in FY '80 the AW-X development program in cooperation with the TR&DI, JDA. The AW-X is a self-propelled antiaircraft gun system to operate with tank units.

According to system studies and basic designing completed in FY '77, the AW-X will be mounted on the Model 61 tank chassis and the main armament

will be the Swiss Oerlikon KDA 35mm gun. The fire control system will be locally developed.

The TR&DI started fabrication of components for the turret and the fire control system in FY '78, along with import of the Swiss gun. Prototypes of the turret and the fire control system will be completed this year for system integration in FY '80. About ¥800 million is on request in the FY '80 draft budget.

The GSDF plans to introduce the 35mm self-propelled antiaircraft gun system in the late '80's.

CSO: 4120

MILITARY

BRIEFS

P-3C TORPEDO CONTRACT--The TR&DI, JDA, last month placed a ¥517 million order with MHI for fabrication of a prototype of the Model 73 Mod(ified) aerial torpedo. The Model 73 is a Japanese version of the Mk 44 torpedo of the US Navy and the MSDF expects to obtain a new aerial torpedo suitable for its P-3C's through modification of the Model 73. The prototype will be delivered by the end of March 1980. [Text] [Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 p 4]

NEW ENGINE FOR MINE-SWEEPER--Among the seven research and development projects of the TR&DI is a new project for development of a new diesel engine to power future mine-sweeping ships of the MSDF. The main powerplant of the present 440-ton mine-sweeper is the YV012215/20 diesel engine. The new diesel engine to be developed will have non-magnetic features for safer and more efficient anti-mine operations. [Text] [Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 p 6]

CSO: 4120

ECONOMIC

ECONOMY SHOWS SIGNS OF IMPROVEMENT

Tokyo KYODO in English 0255 GMT 18 Oct 79 OW

[Text] Tokyo, 18 Oct, KYODO--The economy in various parts of Japan is steadily picking up, but the pickup may slacken gradually, the Regional Banks Association of Japan said Thursday.

It said many areas reported a two-digit increase in sales at department stores because of a firm increase in individual consumption.

Stable gains are seen in the sales of autos and home electric appliances.

Capital investment in plants and equipment is gradually increasing, it said, amid campaigns for energy saving and rationalization.

Export-oriented firms in many areas reported the benefit of depreciation of the yen with brisk inquiries and receipt of orders.

But many of the firms are worried that the economy will slacken gradually due to uncertainties over oil supply, tightening of monetary supply and soaring commodity prices.

CSO: 4120

ECONOMIC

JAPANESE, AUSTRALIAN BUSINESSMEN CONCLUDE ECONOMIC TALKS

OW251407 Tokyo KYODO in English 1236 GMT 25 Oct 79 OW

[Text] Melbourne, Oct 25, KYODO--Japanese and Australian business leaders wound up Thursday three days of talks after issuing a joint communique emphasizing the need to promote bilateral economic cooperation in the 1980s.

The communique also stated that Japan and Australia should positively cooperate in establishing regional consultative arrangements for greater cooperation between all countries in the western Pacific. Referring to the outlook for Japan-Australia relations, it said that the bilateral relations will evolve with trade of natural resources and energy and Japan's stepped-up investments in Australia's resources industry as the central pillar.

At the conference--the 17th joint meeting of the Australia-Japan and Japan-Australia business cooperation committees--about 250 senior businessmen from the two countries discussed various problems related with bilateral economic cooperation, including the economic outlook for the two nations and bilateral trade.

Regarding the arrangements for promotion of cooperation among all countries in the western Pacific, the joint communique said the delegates of the two nations acknowledged that, while too much should not be attempted too quickly, the ultimate membership in such arrangements should be open to all the Pacific basin countries.

In this connection, both delegations agreed to invite economic leaders of the member nations of the Association of Southeast Asian Nations (ASEAN), South Korea, Hong Kong and Taiwan to take part in discussions on establishment of regional consultative arrangements.

Discussions on bilateral matters centered on the supplementary relations between the two countries in energy supplies. They agreed that there would be major opportunities for increased exports of Australian LNG (liquefied natural gas), uranium and steaming coal to Japan.

Fears were expressed, however, that Japan's dependence on Australian supplies of coal and natural gas may not exceed 25 per cent of its total requirements of such energy sources.

Regarding long-term contracts between the two countries, the Japanese delegation said such contracts in the 1980s should be based on the fundamental understanding of the need to cope with the changing business environment and should include specific contractual provisions enabling parties concerned to implement the concept in practice.

The next joint session of the business cooperation committees will be held in Japan in mid-October 1980.

CSO: 4120

ECONOMIC

OFFICIAL SAYS DISCOUNT RATE HIKE NEEDED

Tokyo KYODO in English 0841 GMT 18 Oct 79 OW

[Text] Tokyo, 18 Oct, KYODO--Shigeo Nagano, president of the Japan Chamber of Commerce and Industry, said Thursday the government and the Bank of Japan would have to carry out another raise in the official discount rate soon in face of the persistent menace of inflation.

Nagano, a top leader of the business community, told a press conference at his office a new discount rate hike, long anticipated by businessmen and economic observers, is now "something I could hardly oppose if it is found necessary as a means of preventing a rampage of inflation."

So far this year, the Central Bank has raised its official discount rate twice, by 0.75 percent 17 April and then by 1 percent 24 July, bringing it to 5.25 percent. The government and the Bank of Japan have remained negative about a new raise.

Nagano said he is in no position to suggest a percentage for a discount rate boost. "That is a matter for experts to decide," he added.

However, he said considerations will be needed to prevent a possible rise in business costs if the discount rate is raised.

Observers expected Nagano's statement to create a stir in the business community because the majority of its leaders have opposed another raise in the official discount rate for fear that it would brake business recovery.

They speculated that Nagano made the statement because of the wide interest rate gap between Japan and the U.S., were the official discount rate has reached an unprecedented 12 percent, as well as the apparent sturdiness of Japan's current business recovery.

CSO: 4120

ECONOMIC

BANK OF JAPAN PREPARING FOR DISCOUNT RATE HIKE

Tokyo KYODO in English 0013 GMT 19 Oct 79 OW

[Text] Tokyo, 19 Oct, KYODO--The Bank of Japan has begun preparations for a third increase in the official discount rate this year in a bid to fight the growing threat of inflation, official sources said Friday.

BOJ officials hope that the planned action would also help stem the yen's further depreciation against the U.S. dollar, the sources said.

Under present plans, they said, the proposed discount rate hike will be carried out in November, though the exact date will depend on how the domestic political turmoil is settled.

Japan's bank rate was already raised twice this year--from a record low of 3.5 percent to 4.25 percent in April and further to 5.25 percent in July.

The sources said the margin of the third raise would be either 0.75 percent or 1 percent, which boosts the rate either to 6 percent or 6.25 percent.

Central Bank officials are concerned that the nation's wholesale prices will go on soaring at an alarming pace, following a steep 1.4 percent jump in September.

Their analysis has revealed that much of the rise is due to higher crude oil prices, which are boosting prices of other commodities.

Officials said the effect of the yen's fall on import prices has been rather limited so far.

Bank of Japan governor Teiichiro Morinaga has expressed fear that another increase in oil prices, now considered as unavoidable at the December OPEC conference, and wage hikes in next spring's labor offensive might trigger what he calls a vicious cycle.

The Central Bank also considers the recent fall in the yen's value against the dollar as excessive.

Government sources said that the Central Bank felt another discount rate increase was both desirable and necessary under these circumstances.

ECONOMIC

BANK OF JAPAN GOVERNOR: NO DISCOUNT RATE RISE PLANNED

OW311011 Tokyo KYODO in English 0951 GMT 31 Oct 79 OW

[Text] Tokyo Oct 31 KYODO--Teiichiro Morinaga, governor of the Bank of Japan, said Wednesday that the central bank has no intention to raise the official discount rate immediately in spite of the yen's steep depreciation against the dollar.

Morinaga said, however, that the bank would closely watch the domestic political situation and other relevant factors so that it can decide on the basic money rate hike in an "opportune manner."

He made the remarks when he referred to the sharp decline in the yen's value on the Tokyo foreign exchange market Wednesday. The yen sagged to 238.90 to the dollar--the lowest level since February 27, 1978--on the money market before finishing higher at 237.80.

Morinaga said that the central bank would raise the official discount rate to contain inflation rather than prop up the yen's value.

Referring to the background for the yen's depreciation, Morinaga cited such factors as increasing dollar demand for settlements of oil import deals in the wake of the July 1 increase in oil prices by the Organization of Petroleum Exporting Countries, concentration of conversion into the U.S. dollar of yen-denominated bonds and loans, and continuing political confusion in Japan.

He also said the increased outflow of short-term funds from Japan in the wake of widening interest gap between foreign nations and Japan was another reason for the yen's depreciation.

Regarding the outlook for the yen's value, Morinaga said he did not think the yen will continue to decline for a long time to come.

CSO: 4120

ECONOMIC

BANK OF JAPAN ANALYZES CORPORATE PROFITABILITY

Tokyo KYODO in English 0228 GMT 17 Oct 79 OW

[Text] Tokyo, 17 Oct, KYODO--The nation's business corporations managed to tide over the post-oil crisis recession in fiscal 1978 due to reduced money rates, rationalization efforts and the rise in the yen's value, a Bank of Japan report says. The report makes a comprehensive analysis of financial statements of 524 major business corporations listed on stock exchanges.

Growth of sales slowed down in 1975 and later. However, the ratio of current-account profits to sales recovered to 3.47 percent for manufacturing and 1.52 percent for non-manufacturing firms in fiscal 1978. The similar ratio was 1.05 percent for manufacturing and 0.96 percent for non-manufacturing in the bottom of fiscal year 1975.

Citing reasons for such recovery in corporate profitability, the report says that business corporations reduced financial costs thanks to declines in interest rates and cut fixed costs like personnel expenses through rationalization efforts. The yen's appreciation pushed down prices of imported raw materials, helping corporations improve profitability, it notes. The dividend propensity stood at 39.2 percent, far below from 75.21 percent in fiscal 1975. In other words, corporations increased inner reserves without paying dividends, the report says. Corporate profitability recovered to the pre-oil crisis level, it concludes.

CSO: 4120

ECONOMIC

MITI REPORTS INDUSTRIAL ACTIVITY IMPROVING

Tokyo KYODO in English 0808 GMT 18 Oct 79 OW

[Text] Tokyo, 18 Oct, KYODO--Japan's industrial activity in August showed better results than earlier estimated, according to revised government figures released Thursday.

The Ministry of International Trade and Industry (MITI) said the index of mining and manufacturing output for August rose 0.9 percent over July after seasonal adjustments.

MITI had estimated a 0.3 percent raise last month.

The August output increase was attributed to further active production in electrics, transportation machinery and pharmaceuticals.

The shipment index rose 0.5 percent instead of the earlier reported 0.2 percent drop, MITI officials said.

The inventory index sagged 0.2 percent compared with the preliminary estimated standstill.

Capital goods other than transport equipment rose 1.1 percent for production and 1.6 percent for shipment, respectively, both up over previous estimates, but they were below July's 3.2 percent and 6.7 percent each.

The industrial operation index decreased 0.8 percent, to about the May level.

The industrial production capacity index remained unchanged from the previous month.

CSO: 4120

ECONOMIC

JAPANESE MINISTRY PLANS PUBLIC CORPORATION FOR ENERGY

OW300441 Tokyo KYODO in English 0429 GMT 30 Oct 79 OW

[Text] Tokyo Oct 30 KYODO--The Ministry of International Trade and Industry (MITI) plans to set up a public corporation in fiscal 1980 to promote the development of alternative energy sources and encourage the replacement of oil with other energy sources.

The ministry proposes an initial-year appropriation of yen 126.5 billion for the projected corporation to extend long-term, low-interest loans to companies replacing oil as their main fuel with coal and other fuels, and to finance projects to develop technology to develop and harness nonoil energy resources.

Of the appropriation, yen 13.8 billion would be earmarked for development of technology to develop and harness nonoil energy resources MITI said.

The remaining yen 112.7 billion would be used to encourage the utilization of nonoil energy--the development of overseas coal resources, construction of hydroelectric and geothermal power plants. Subsidies and loan guarantees would also be given to companies changing their main fuel to coal and liquefied natural gas from oil, and adopting solar energy harnessing systems.

MITI also proposes that the projected corporation should have 288 personnel initially.

Under the proposed legislation, if an enterprise is to install oil-guzzling equipment, the enterprise will be under an obligation to report it to the ministry.

The ministry may advise the enterprise to abandon its plan to install the equipment, in favor of installing equipment using alternative energy.

The legislation, a 10- to 15-year law, is also aimed at taking other measures to step up the introduction of nonoil energy on the part of enterprises.

ECONOMIC

UAE OIL MINISTER ASKED TO HOLD DOWN PRICE INCREASES

Tokyo KYODO in English 0017 GMT 16 Oct 79 OW

[Text] Tokyo, 16 Oct, KYODO--United Arab Emirates Oil Minister Mani ibn Sa'id al-'Utaybah will arrive in Tokyo Tuesday evening at the invitation of Minister of International Trade and Industry Masumi Esaki, the government announced.

During his five-day stay in Japan, al-'Utaybah will hold talks with Prime Minister Masayoshi Ohira, Foreign Minister Sunao Sonoda and Esaki.

He will also meet with Toshiwo Doko, president of the Federation of Economic Organizations (Keidanren), and other business leaders.

In addition, he is scheduled to attend directors meetings of Abu Dhabi Oil Co. and Abu Dhabi Gas Liquefaction Co. in Tokyo.

Informed sources said Japan would ask al-'Utaybah, who is the current president of the Organization of Petroleum Exporting Countries (OPEC), to refrain from sharply increasing oil prices.

CSO: 4120

ECONOMIC

JAPANESE STEEL COMPANIES PLAN TALKS IN PRC ON FUTURE PROSPECTS

OW010757 Tokyo KYODO in English 0740 GMT 1 Nov 79 OW

[Text] Tokyo Nov 1 KYODO--Japan's big-six steelmakers have decided to send a joint mission to Beijing later this month for talks on the prices, volume and other terms for rolled carbon steel for shipments in the first half of next year, Nippon Steel Corp. (NSC) said Thursday.

The top steelmaker said the mission would be made up of executive vice presidents or senior managing directors in charge of exports, and export department general managers. Fujio Ohashi, executive vice president of NSC, will head the team.

The big six are: NSC, Nippon Kokan K.K., Kawasaki Steel Corp., Sumitomo Metal Industries, Ltd., Kobe Steel, Ltd. and Nisshin Steel Co., all integrated steelmakers.

NSC said the Japanese mills told the China National Metals and Minerals Import-Export Corp. that they would like to send a negotiating team to China on November 19, and are awaiting a reply.

The Chinese corporation purchased 830,000 metric tons of rolled carbon steel from Japan for shipments in the latter half of this year, far below the 2.5 million tons it bought from Japan for shipments in the first half of the year.

Hot coil (hot rolled sheet in coil), cold coil (cold rolled sheet in coil), plate, wire rod and pipe are the main items of rolled carbon steel which the Chinese corporation has purchased from the big six.

NSC said the Japanese mission would ask the Chinese corporation about prospects for its demand for rolled carbon steel in the coming years.

Mill sources said the sharp decline in China's purchases of rolled carbon steel from Japan for shipments in the latter half of this year came as a surprise and the major Japanese mills desire more stable purchases by China.

These sources said that according to information received from Beijing through "friendly" trading houses so named by China, the Chinese corporation wishes to buy at least 1 million metric tons of rolled carbon steel from Japan this time.

ECONOMIC

JAPAN TO KEEP BAN ON AUSTRALIAN MEAT UNTIL ALL-CLEAR GIVEN

OW301113 Tokyo KYODO in English 0945 GMT 30 Oct 79 OW

[Text] Tokyo Oct 30 KYODO--The Australian Government Tuesday notified Japan that the disease reported to have been discovered among hogs in Tasmania last week was probably not the dread foot-and-mouth disease, according to the Ministry of Agriculture, Forestry and Fisheries.

The ministry said that Australian federation authorities had made it known through the Japanese Embassy in Australia that interim findings by Britain's Animal Virus Research Institute had shown that there was no proof of an epidemic of foot-and-mouth disease in Tasmania.

However, the institute located in Surrey, England, is still continuing its checks with samples taken from hogs hit by the mysterious disease and has yet to reach a final conclusion. The institute is internationally recognized as the best judge on the epidemic.

Considering the interim character of the report, the ministry said it would continue its current ban on all imports of Australian beef, pork, mutton, and live cattle, hogs, and sheep from Tasmania island. It added that the issuance of quarantine inspection certificates concerning such imports would continue to be suspended until the final determination of the British institute was obtained.

The ministry took such expedencies as soon as it was reported by Canberra that the disease resembling foot-and-mouth disease in symptoms had been discovered on October 22 among the hogs on a farm near Launceston, north-eastern Tasmania.

The Australian authorities had the 632 hogs and 52 cattle on the farm destroyed and rushed samples to the British institute.

CSO: 4120

ECONOMIC

BRIEFS

STEEL EXPERTS EXCHANGED--Tokyo, 9 Oct--Japan and China have agreed to expand the exchange of industrial experts and academics on iron and steel technology, it was learned Tuesday. The agreement was reached in Beijing late last month between a mission from the Iron and Steel Institute of Japan and the Chinese Society of Metals, said Shintaro Tabata, managing director of the institute. Under the agreement, the first joint conference of Japanese and Chinese experts will be held in Beijing in September 1981. The joint meeting will then be held every two years in Tokyo and Beijing alternatively, Tabata said. The team of Japanese experts, led by Tabata, visited Beijing between September 22 and October 5. [Text] [OW150529 Tokyo KYODO in English 0718 GMT 9 Oct 79 OW]

TECHNICAL AID TO PRC--Tokyo, Oct 12--Tokyo Gas Company, Japan's largest gas supplier, will provide technical cooperation to Beijing to improve gas supplies there, Tokyo Gas announced Friday. Notes concerning the arrangement were exchanged in Beijing Thursday between Tokyo Gas and the Beijing municipal gas office, the announcement said. Under the agreement both parties will jointly study ways to make gas from coal, crude oil and heavy oil, and the construction of gas pipelines in Beijing, it said. The Japanese company will also train Chinese. Chinese officials are to visit Tokyo next month to wrap up the details of the technical cooperation. There are about 1,700,000 households in Beijing with 75,000 using city-supplied gas and 550,000 utilizing propane gas. [Text] [Tokyo KYODO in English 1117 GMT 12 Oct 79 OW]

JAPAN-CHILE ECONOMIC MEETING--Tokyo Sept 26--The first Japan-Chile economic committee meeting ended here Wednesday with a joint statement calling for collaboration in developing Chilean fishery, mineral and forestry resources. The committee was set up in June 1978 by the Japan Chamber of Commerce and Industry and the Chile Industry Federation. The Chilean delegation to the two-day meeting was led by Hernan Daroch, president of the federation. Key topics for discussion included trade, shipping and fisheries. [Text] [OW271201 Tokyo KYODO in English 1044 GMT 26 Sep 79 OW]

GAS PURCHASE FROM IRAQ--Tokyo Sept 27--Mitsubishi Heavy Industries, Ltd. and Mitsubishi Corp., both of Tokyo, announced Thursday they had jointly won a yen 28 billion Iraqi order for a liquefied petroleum gas (LPG) plant.

The contract, signed earlier this week with SEOP, Iraq's state-run establishment in charge of oil projects, calls for construction of a plant, capable of refining 1.3 million tons of LPG a year, in Kirkuk, some 260 kilometers north of Baghdad. The two companies, Japan's top machinery maker and leading trading house, said the project would be completed by late 1981. They also announced a yen 19 billion contract with SEOP to build gas compressor stations in Kirkuk for completion in November 1981. [Text] [OW271201 Tokyo KYODO in English 0619 GMT 27 Sep 79 OW]

CRUDE STEEL PRODUCTION--Tokyo Oct 17--Japan's crude steel production in the July-September period this year totaled 28,084,000 tons, an increase of 0.3 per cent over the April-June quarter and up 7.7 per cent compared with the corresponding period of 1978, the Japan Iron and Steel Federation reports. The federation said the output exceeded the projection of 28 million tons for the period issued by the Ministry of International Trade and Industry (MITI). It also said although exports were stagnant, domestic demand, centering on automobile, shipbuilding, electric machinery and civil engineering industries was active. Crude steel output in the April-September period totaled 56,096,000 tons, an increase of 9.5 per cent over the corresponding period of last year. MITI forecast that crude steel production in 1979 calendar year will reach 110 million tons. [Text] [OW171211 Tokyo KYODO in English 0627 GMT 17 Oct 79 OW]

BRANCH BANKS IN PRC--Tokyo, Oct 2--Two Japanese banks will branch out into Beijing shortly to help facilitate growing foreign exchange and trade settlements between Japan and China, sources said Tuesday. Under an arrangement agreed to between the two countries recently, the sources said, the Export-Import Bank of Japan and the Bank of Tokyo will open offices in the Chinese capital. In return, the Bank of China will open a representative office in Tokyo simultaneously. Finance Ministry officials and banking industry sources said China gave the formal go-ahead last month to the proposed opening of Beijing offices, capping months of negotiations. The sources intimated the offices would open next spring at the earliest, seven and a half years after Tokyo and Beijing normalized relations in September 1972. China is pushing for legislation to allow the Japanese banks to operate in Beijing, the sources said, in an effort to clear obstacles to the reciprocal banking arrangement. The new Chinese law is likely to take the form of a combination of Japanese foreign exchange control and banking laws. [OW030417 Tokyo KYODO in English 1109 GMT 2 Oct 79 OW]

CRUDE OIL IMPORTS--Tokyo, Oct 22--Japan's crude oil imports in September totaled 22,566,000 kiloliters, up 6.5 percent from the corresponding month a year earlier, the International Trade and Industry Ministry announced Monday in a preliminary report. Crude imports in the first six months of this year thus aggregated 134.19 million kiloliters, or a 6.8 percent increase from the year-before level. The April-September total showed a rise of 1,950,000 kiloliters compared with the target of 132.24 million kiloliters set by the ministry's natural resources and energy agency for the term. Crude purchases from Iran suffered a drop, but those from Iraq, Kuwait and

Indonesia offset the fall, the ministry said. The nation's production of oil products in September, meanwhile, increased by 5.5 percent from a year before, the ministry said. [OW230501 Tokyo KYODO in English 1123 GMT 22 Oct 79 OW]

PRC HONORS OIL AGREEMENT--Osaka Oct 23 KYODO--China has retracted its earlier notice of a cutback in its oil supply to Japan in October, Ichizo Kimura, chief director of the Kansai chapter of the Association for Promotion of International Trade, Japan (Kokubosoku), said Tuesday. Kimura said Chinese Vice Premier Yu Quili told him in Beijing October 10 that China would fully honor its contract to export 640,000 tons of oil in October, as it is called to do under a Japan-China long-term trade agreement. China notified Japan in early October of a plan to reduce its oil supply in October by about 20 percent to about 520,000 tons. Kimura quoted Yu, also chairman of the Chinese State Planning Commission, as saying that if actual shipments in October do not reach the contracted amount, the shortfall will be made up in November and December. Yu also said that China would fully honor its promise to export eight million tons of oil to Japan next year, Kimura said. The long-term trade agreement calls on China to export eight million tons of oil in 1980 and 9.5 million tons to this country in 1981. [Text] [OW231045 Tokyo KYODO in English 1009 GMT 23 Oct 79 OW]

PRC PLANT CONTRACT LOSS--Osaka Oct 29 KYODO--Yoshifumi Kumagai, president of Sumitomo Metal Industries, Ltd., indicated Monday his company has virtually given up hope of winning a Chinese order to build a seamless steel pipe plant near Shanghai. Kumagai dropped the hint when he referred to negotiations his company has been holding with China on the cost of constructing the projected pipe plant, which is to be built within the premises of the projected integrated steel works to be built in Baoshan on the outskirts of Shanghai. Negotiations have made smooth progress as far as the technical aspects are concerned, he said. But talks on the cost have not always made smooth headway in the face of favorable terms offered by a West German company--Mannesmann-Demag, he said. Kumagai said Sumitomo has no intention of seeking the Chinese order if it does not pay. Sumitomo submitted a cost estimate for the plant, designed to produce about 400,000 tons of seamless pipe a year, to China in November last year. But China has asked it to reassess the construction cost, citing such factors as its decreasing foreign currency holdings. Sumitomo thus sent Yoshiteru Shinno to Beijing early this month for renegotiations with the China National Metals and Mineral Import and Export Corporation. [Text] [OW291423 Tokyo KYODO in English 1205 GMT 29 Oct 79 OW]

IRAQI FERTILIZER PLANT--Tokyo, 4 Oct--Mitsubishi Heavy Industries, Ltd. said Thursday the company has completed one of the world's largest fertilizer plants in Iraq and turned it over to the Iraqi Ministry of Mining and Industry. The company said the order for the plant was received in September 1975 on a full-turnkey basis as the first project to be carried out with a \$2 billion credit extended to Iraq by the Japanese Government under a cooperation agreement concluded in 1974. The plant was built in a desert in the Khor al-Zubair district. Mitsubishi said the plant's management staff and engineers are being trained by Mitsubishi to ensure smooth operation and management of the plant. [Text] [Tokyo KYODO in English 0426 GMT 4 Oct 79 OW]

SAUDI ARABIAN AGREEMENT--Tokyo, 13 Oct--The Mitsubishi business group and Saudi Arabia Basic Industries Corp. (SABIC) have agreed to increase the production capacity of ethylene at the projected petrochemical complex in Saudi Arabia to 450,000 tons a year from 300,000 tons as originally planned. This was disclosed Saturday by Tsutomu Tago, director of Saudi Petrochemical Development Co. (SPDC) and managing director of Mitsubishi Corp., upon his return from Saudi Arabia. A total of 54 Japanese firms with the Mitsubishi group in the vanguard and SABIC will start constructing the complex under the joint venture in 1981 in al-Jubayl, an industrial belt in eastern Saudi Arabia, and production is expected to start in 1985. Tago said total investment will be increased to yen 400 billion from yen 250 billion as originally planned since two more products--polyethylene and ethylene glycol--will be produced. [Tokyo KYODO in English 0158 GMT 13 Oct 79 OW]

CSO: 4120

SCIENCE AND TECHNOLOGY

MITI TO SURVEY SPACE-RELATED JAPANESE FIRMS

Tokyo AVIATION REPORT-WEEKLY in English 17 Oct 79 pp 9-10

[Text] MITI will soon survey about 100 Japanese space-related companies as a first step of its Space Industry Office, set up at the end of September, to prepare plans for the promotion of Japan's space industry.

It has nominated the space industry together with the aircraft, nuclear power and computer industries as knowledge-intensive industries in the 1980's. However, Japanese firms completely depend on foreign countries for supply of space technology.

Considering this, MITI established the new office to promote the nation's space industry, especially development of independent techniques, and to start research into an earth resource satellite in FY 1980.

This conforms to the ministry's technical development and energy policies for the 1980's.

Meanwhile, Japan's space industry depends on the governmental market as in other nations. The National Aeronautics and Space Administration (NASA) of the United States has continued promotion of the U.S. space industry and development of space technology under various projects. However, Japan has failed to establish a real space industry in the absence of a unified policy for promotion of the industry, although the Science and Technology Agency has done development and operation of satellites together with the Meteorological Agency, the Posts and Telecommunications and the Transport Ministries as users of satellites, and the Education Ministry as a developer of rockets.

In the past several years, the government's space-related budget has been increased and development of satellites progressed. FY 1978's space-related budget amounted to ¥158,000 million, including ¥62,300 million for follow-on disbursement.

This has prompted MITI to take a unified policy for strengthening Japan's space industry.

MITI's Space Industry Office is planned to be upgraded to a division to deal with the industry as part of the government's overall industrial policy.

SCIENCE AND TECHNOLOGY

JAPAN'S FIRST NUCLEAR-POWERED SHIP MAY BE REPAIRED

OW291435 Tokyo KYODO in English 1148 GMT 29 Oct 79 OW

[Text] Tokyo Oct 29 KYODO--The possibility has grown that the semigovernmental owner of the nation's first nuclear-powered ship may now obtain government permission to conduct repair work on the crippled vessel early in November in the manner the owner proposed 11 months ago.

The Nuclear Safety Commission, at an investigative session Monday, endorsed the repair method outlined by the Japan Nuclear-Powered Ship Development Agency as reasonable.

The commission submitted a report on its conclusions in favor of the method to Prime Minister Masayoshi Ohira.

The Atomic Energy Commission, which is examining the repair plan from aspects other than its safety, is expected to back the plan at a meeting Tuesday.

With these approvals by the two commissions, required under the nuclear reactor control act, the government is likely to grant final permission for the repair program early next month.

The agency wants to change the material of the primary shield of the Mutsu's reactor from the present ordinary concrete to ohiolite concrete, newly coat it with hydrogenized zirconium concrete, and replace the lead and polyethylene materials of the secondary shield with concrete.

Aside from the legal procedures, the start of the repair work on the Mutsu is far behind schedule due to belated contracts with private undertakers of the project.

The primary contractor of the project was recently changed from Sasebo Heavy Industries to Ishikawajima-Harima Heavy Industries because of Sasebo's stiffer conditions.

The agency hopes to conclude these contracts early and begin the project within this year.

The vessel has been rusting outside Sasebo port, Nagasaki Prefecture, after it developed a radiation leak on its maiden voyage near its home port of Mutsu, Aomori Prefecture, in 1973.

SCIENCE AND TECHNOLOGY

BRIEFS

ENERGY RESEARCH--Tokyo, 13 Oct--The Ministry of International Trade and Industry (MITI) has begun consultations with about 70 major private businesses for research and development on solar energy, geothermal energy and liquefied coal so that they may be put to commercial use by fiscal 1990. The enterprises include Hitachi, Ltd. and Nippon Steel Corp. The MITI projects in its long-term energy supply-demand outlook that solar energy, geothermal energy and liquefied coal will account for about 5 percent of Japan's total primary energy supply in fiscal 1990. The ministry intends to spend a total of yen 1.6 trillion from fiscal 1980 until 1990 on research and development on the three types of energy. The ministry hopes to utilize the technological development and planning capacity of major industrial and trading companies in stepping up the commercial harnessing of such energy. [Text] [Tokyo KYODO in English 1145 GMT 13 Oct 79 OW]

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